



ORIGINAL

REDACTED – FOR PUBLIC INSPECTION

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August 4, 2011

FILED/ACCEPTED

Aug - 4 2011

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

EX PARTE OR LATE FILED

Federal Communications Commission
Office of the Secretary

**Re: WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109
Fail Telecommunications Corporation Notice of Ex Parte Presentation**

Dear Ms. Dortch:

This request for confidentiality is made on behalf of Fail Telecommunications Corporation (“Fail”) pursuant to the September 16, 2010 Protective Order in CC Docket No. 01-92, WC Docket Nos. 05-337, 07-135 and 10-90 and GN Docket No. 09-51.¹ Fail seeks confidential treatment of the data attached to the above-referenced Notice of Ex Parte Presentation.

Pursuant to paragraph 4 of the Protective Order, non-redacted and redacted versions are filed herewith. Each page of the non-redacted submission is marked “CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER IN CC DOCKET NO. 01-92, WC DOCKET NOS. 05-337, 07-135 AND 10-90 AND GN DOCKET NO. 09-51 BEFORE THE FEDERAL COMMUNICATIONS COMMISSION”. Each page of the redacted submission is marked “REDACTED - FOR PUBLIC INSPECTION”. The redacted version is also being filed this date via the FCC’s Electronic Comment Filing System.

Please contact the undersigned with any questions.

Respectfully submitted,

/s/ John Kuykendall

John Kuykendall
Vice President
on behalf of
Fail Telecommunications Corporation

Attachment

cc: Lynne Hewitt Engledow, Wireline Competition Bureau (two copies non-redacted)

¹ See *Developing a Unified Intercarrier Compensation Regime*, CC Docket No. 01-92, Protective Order, 25 FCC Rcd 13160 (WCB 2010)

No. of Copies rec'd 0+1
List ABCDE

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**Re: WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135,
WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45,
WC Docket No. 03-109
Notice of Ex Parte Presentation**

Dear Ms. Dortch:

On August 2, 2011, Charles Fail, and Rick Bennett of Fail Telecommunications Corporation, Wes Ellis of YoungWilliams, P.A. (collectively, the “Fail Corporation Representatives”) and John Kuykendall of John Staurulakis, Inc. (“JSI”) met separately with Christine Kurth, Policy Director and Wireline Counsel to Commissioner Robert McDowell, and with Angela Kronenberg, Wireline Legal Advisor to Commissioner Mignon Clyburn. On August 3, the Fail Corporation Representatives and John Kuykendall met separately with Margaret McCarthy, Wireline Policy Advisor to Commissioner Michael Copps, and with Patrick Halley and Amy Beier of the Wireline Competition Bureau. The subject of discussion was the impact of proposed National Broadband Plan universal service reforms on Fail Telecommunications Corporation and its four rural local exchange carrier companies.¹ Attached is a copy of the presentation which was provided.

The Fail Corporation Representatives provided an overview of Fail subsidiary company service areas in Mississippi and Georgia and described the significant investments funded by Rural Utilities Service (“RUS”) loans that the Company has made in order to deliver state-of-the-art telecommunications, internet, security and closed circuit television services to its rural customers. The Fail Corporation Representatives presented data that demonstrated the importance of preserving cost recovery for local switching and corporate operations expense for the Fail companies which include multiple study areas within a state.

¹ *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, and Lifeline and Link-Up*, WC Dockets No. 10-90 et al., FCC 11-13 (rel. Feb. 9, 2011); 76 Fed. Reg. 11632-11663 (2011).

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The Fail Corporation Representatives urged the Commission to adopt reforms that will allow the company to continue to earn on the investment it has already made while relying on the payment mechanisms in place at the time and to repay the RUS loans obtained to make that investment. Such reforms will enable the company to continue to provide its customers high quality advanced communications service at affordable rates, and to honor the loan commitments that were made based on the expectation of continued reasonable cost recovery mechanisms.

Please contact the undersigned with any questions.

Respectfully submitted,

/s/ John Kuykendall

John Kuykendall
Vice President
on behalf of
Fail Telecommunications Corporation

cc: Christine Kurth
Angela Kronenberg
Margaret McCarthy
Patrick Halley
Amy Beier

Attachment

FAIL, INC.

88 YEARS OF SERVICE...AND COUNTING

In 1923, when D. L. Fail purchased the Bay Springs Telephone Company, the deal included one manual switchboard, a handful of telephone poles, and 120 loyal customers. Fail and his wife Estelle operated the fledgling company from a spare room in their home, sleeping in the same room with the switchboard to ensure their customers would never miss a late night call.

In 1929, the business gained another employee when the Fails' oldest son, Charles, was born. Charles Fail grew up in the telephone business, spending holidays and summer vacations repairing equipment and climbing telephone poles, literally learning the telephone service industry from the ground up.

In 1973, the family business had evolved into the Telephone Electronics Corporation (TEC), a holding company for a network of independent telephone companies serving customers in four states.

In 1992, Charles Fail founded Fail Telecommunications Corporation (FTC), which is currently a holding company for four telecommunications companies in Mississippi, one in Georgia, a long distance carrier, and an Internet service provider. FTC manages and oversees the needs of each subsidiary's telecommunications network.

In 1994 the Fail, Inc. companies began offering dial-up internet services throughout the certificated service areas and has continued to maintain pace with the ever-growing telecommunications industry.

In 2005, Fail, Inc. companies invested more than \$30,000,000 in fiber transport, fiber to the home, copper plant, and switching and electronics equipment in its local service companies with loans provided by Rural Utilities Services.

Today, Fail, Inc. customers enjoy state-of-the-art voice, internet, security, and Closed Circuit TV services. Fail, Inc. is building IPTV headends in its companies and preparing to begin fiber-to-the-home projects totaling nearly \$30,000,000. Other plans include [REDACTED]

Fail, Inc.'s vision is the same as it has always been, offering customers the highest quality in advanced communications systems and service at affordable rates.

Building on a history of success, FTC is dedicated to a future of continued accomplishments through maintaining a commitment to service and seeking out potential markets in the telecommunications industry.

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MISSISSIPPI SERVICE AREA MAP

Bruce Telephone Company
Fulton Telephone Company
Mound Bayou Telephone Company

MISSISSIPPI 2002

AREA CODES

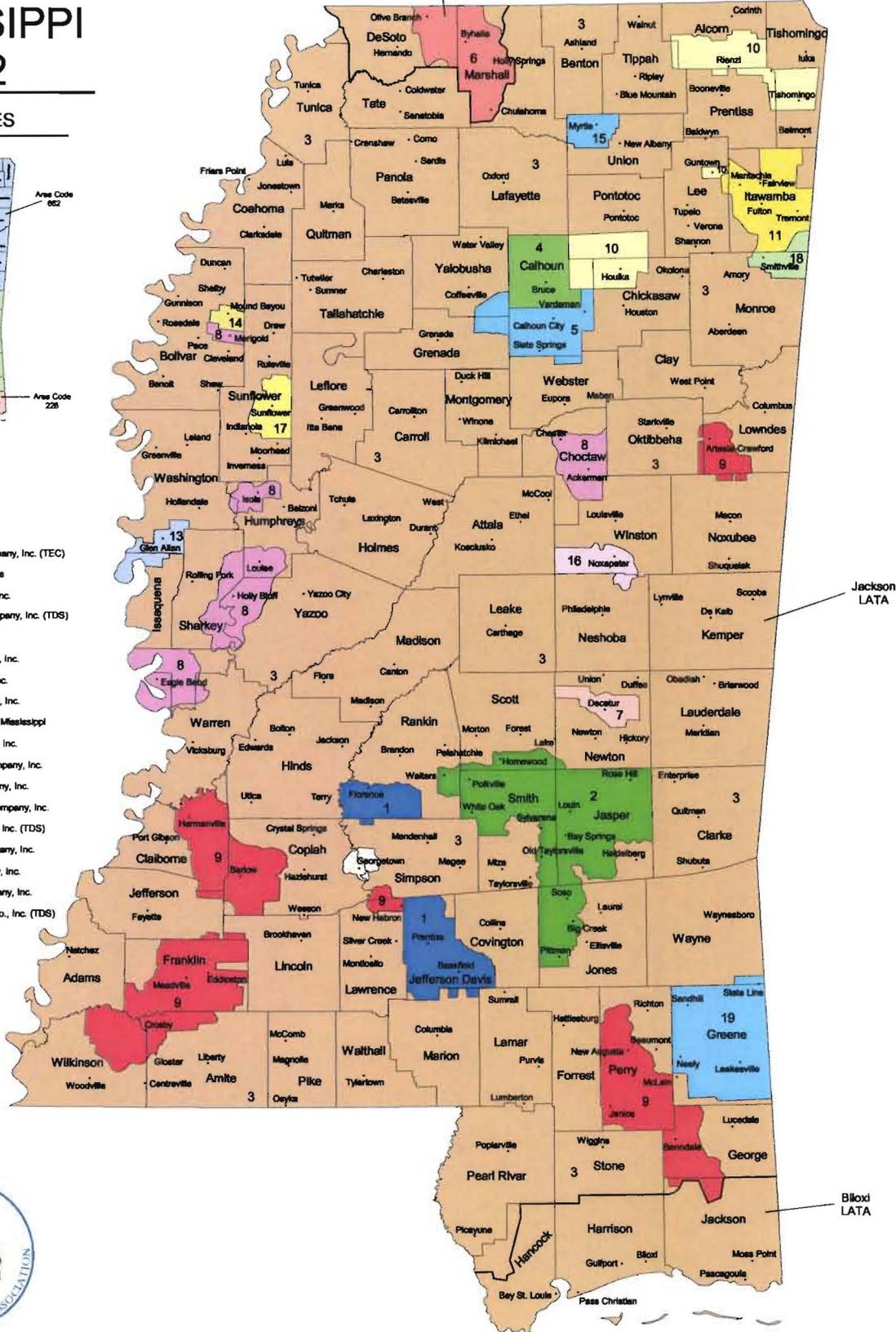


To Memphis, TN
LATA
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- 1. Alltel of Mississippi, Inc.
- 2. Bay Springs Telephone Company, Inc. (TEC)
- 3. BellSouth Telecommunications
- 4. Bruce Telephone Company, Inc.
- 5. Calhoun City Telephone Company, Inc. (TDS)
- 6. CenturyTel
- 7. Decatur Telephone Company, Inc.
- 8. Delta Telephone Company, Inc.
- 9. Franklin Telephone Company, Inc.
- 10. Frontier Communications of Mississippi
- 11. Fulton Telephone Company, Inc.
- 12. Georgetown Telephone Company, Inc.
- 13. Lakeside Telephone Company, Inc.
- 14. Mound Bayou Telephone Company, Inc.
- 15. Myrtle Telephone Company, Inc. (TDS)
- 16. Noxapater Telephone Company, Inc.
- 17. Sledge Telephone Company, Inc.
- 18. Smithville Telephone Company, Inc.
- 19. SE Mississippi Telephone Co., Inc. (TDS)

LATA Boundaries



Montgomery, AL
(334) 265-1660
www.amtatelecom.org

NOTE: THIS MAP IS INTENDED TO PROVIDE A GENERAL PERSPECTIVE OF LEC AND LATA BOUNDARIES AND REPRESENTS A NEAR APPROXIMATION ONLY.

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TelPlexus, Inc.
Murfreesboro, TN
(615) 867-7788
www.telplexus.com

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GEORGIA SERVICE AREA MAP

Chickamauga Telephone Company

FAIL, INC.

LOCAL SERVICE RATES

	<u>Residential</u>	<u>Business</u>
Bruce	\$18.87	\$27.03
Chickamauga	\$11.69	\$23.55
Fulton	\$11.10	\$16.10
Mound Bayou	\$14.65	\$22.59

ACCESS LINES

DSL Penetration

Bruce	2143	■
Chickamauga	4931	■
Fulton	6864	■
Mound Bayou	661	■

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IMPACT STATEMENTS

Bruce Telephone Company
Fulton Telephone Company
Mound Bayou Telephone Company
Chickamauga Telephone Company

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Bruce

SAC ID: 280447

NPRM Proposed Changes

High Cost Loop Fund Changes:

Current HCL Support*

Reduction due to algorithm change

Reduction due to elimination of Corp. Exp.

Combined effect (run together)

Increase due to resizing of NACPL

Revised HCLF Support

(stand alone)

(stand alone)

(assumed NACPL reduction of 26.86%)

Redacted

Redacted

Redacted

Redacted

Redacted

Redacted

FCC proposes to eliminate (or reduce) support for corporate expenses in all funding mechanisms.

FCC proposes to reduce the reimbursement percentages for high-cost loop support from the current percentages of 65% for qualifying study area loop costs between 115 - 150% and 75% for qualifying study area loop costs in excess of 150% to 55% and 65%, respectively.

Local Switching Support Changes:

Current LSS

Reduction due to elimination of Corp. Exp.

Revised LSS Support

Redacted

Redacted

Redacted

The FCC seeks to eliminate local switching support, or combine this program with high-cost loop support. Alternatively, the FCC would combine the LSS program into the HCLS program—creating a LHCS hybrid, using an algorithm similar to HCLS.

Interstate Common Line Support Changes:

Current ICLS

Reduction due to elimination of Corp. Exp.

Revised ICLS Support

Redacted

Redacted

Redacted

Safety Net Additive

Current Safety Net Support

Reduction due to elimination of Safety Net

Revised Safety Net

Redacted

Redacted

Redacted

The FCC seeks to eliminate safety net additive support immediately, or implement a phase-down over possibly three years.

	<u>Original</u>	<u>Revised</u>	<u>Impact</u>	<u>% Change</u>
HCLF	Redacted	Redacted	Redacted	Redacted
LSS	Redacted	Redacted	Redacted	Redacted
ICLS	Redacted	Redacted	Redacted	Redacted
Safety Net	Redacted	Redacted	Redacted	Redacted
Totals	Redacted	Redacted	Redacted	Redacted
Loops	Redacted	Redacted	Redacted	Redacted
USF/Loop/Year	Redacted	Redacted	Redacted	Redacted

*2010-1 NACPL of \$458.36

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Fulton

SAC ID: 280455

NPRM Proposed Changes

High Cost Loop Fund Changes:

Current HCL Support*

Reduction due to algorithm change

Reduction due to elimination of Corp. Exp.

Combined effect (run together)

Increase due to resizing of NACPL

Revised HCLF Support

(stand alone)

(stand alone)

(assumed NACPL reduction of 26.86%)

Redacted

Redacted

Redacted

Redacted

Redacted

Redacted

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Local Switching Support Changes:

Current LSS

Reduction due to elimination of Corp. Exp.

Revised LSS Support

Redacted

Redacted

Redacted

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Interstate Common Line Support Changes:

Current ICLS

Reduction due to elimination of Corp. Exp.

Revised ICLS Support

Redacted

Redacted

Redacted

Safety Net Additive

Current Safety Net Support

Reduction due to elimination of Safety Net

Revised Safety Net

Redacted

Redacted

Redacted

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USF/Loop/Year	Redacted	Redacted	Redacted	Redacted

*2010-1 NACPL of \$458.36

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Mound Bayou

SAC ID: 280462

NPRM Proposed Changes

High Cost Loop Fund Changes:

Current HCL Support*

Reduction due to algorithm change

Reduction due to elimination of Corp. Exp.

Combined effect (run together)

Increase due to resizing of NACPL

Revised HCLF Support

(stand alone)

(stand alone)

(assumed NACPL reduction of 26.86%)

Redacted

Redacted

Redacted

Redacted

Redacted

Redacted

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Local Switching Support Changes:

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Reduction due to elimination of Corp. Exp.

Revised LSS Support

Redacted

Redacted

Redacted

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Redacted

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USF/Loop/Year	Redacted	Redacted	Redacted	Redacted

*2010-1 NACPL of \$458.36

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Chickamauga

SAC ID: 220354

NPRM Proposed Changes

High Cost Loop Fund Changes:

Current HCL Support*

Reduction due to algorithm change

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Combined effect (run together)

Increase due to resizing of NACPL

Revised HCLF Support

(stand alone)

Redacted

(stand alone)

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